

ADMINISTRATIVE RULES
OF
RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT

ARTICLE 1

Name, Operation and Office

1.1 District Operation. These Administrative Rules (hereinafter collectively referred to as the "**Rules**") are adopted pursuant to the provisions of A.R.S. §48-4203 A.4 and 5 and shall govern the administration and operation of the Rio Nuevo Multipurpose Facilities District, a tax-levying public improvement district and a political taxing subdivision of the State (the "**District**"), which has been organized pursuant to A.R.S. § 48-4201 *et seq.* (the "**MFD Laws**") and (a) Resolution No. 18347, adopted by the Mayor and Council of the City of Tucson, Arizona, on July 19, and (b) Resolution No. 9917 adopted by the Mayor and Council of the Town of South Tucson, Arizona, on July 19, 1999.

1.2 Offices. The principal office of the District shall be at 255 W. Alameda, Tucson, Arizona, 85701 (P.O. Box 27210).

ARTICLE 2

Organization and Termination

2.1 Organizing Municipalities. The municipalities that have organized the District are the Town of South Tucson and the City of Tucson (individually, a "**Municipality**" and collectively, the "**Municipalities**").

2.2 Additional Cities; Withdrawal. Municipalities may join or withdraw from the District only upon such terms and conditions as the Board of Directors of the District (the "**Board**") may approve by resolution.

2.3 District Termination. The District shall automatically terminate, without further act of the District, the Board, any of the Municipalities, or any other person or entity, upon (i) the adoption of a resolution approving such termination by a vote of a majority of the Board members then in office (provided, however, that there is no indebtedness of the District outstanding or reasonably anticipated to exist at or following the termination date specified in such resolution), (ii) January 1, 2050, or such later date as may be approved from time to time by a vote of a majority of the Board members then in office or (iii) one hundred eighty-one (181) days following the date on which one or both of the Board positions which are to be held by members appointed by the City of Tucson becomes vacant if the City of Tucson fails to appoint one or more members (as applicable) to fill such vacant Board position(s) in accordance with the provisions of these Rules and the MFD Laws, provided that there is no indebtedness of the

District outstanding or reasonably anticipated to exist at or following the otherwise applicable termination date.

Except to the extent inconsistent with the requirements of any indebtedness of the District outstanding or reasonably anticipated to exist at or following the otherwise applicable termination date, the Municipalities shall have the option, in their sole and absolute discretion, upon any termination of the District, to require the conveyance to the Municipalities of any or all of the assets (or portions of any assets) of the District in proportion to their respective revenue contributions to the District, which transfer shall be for nominal consideration and otherwise subject to such terms and conditions as the Municipalities may reasonably require.

ARTICLE 3

District Powers

3.1 Except as otherwise provided in these Rules and/or in any intergovernmental agreement entered into by the District, and/or by applicable law, and subject to the Reserved Rights (as hereinafter defined), the District shall have all of the powers of a district organized pursuant to A.R.S. § 48-4202(B), including but not limited to those powers expressly set forth in the MFD Laws, as amended from time to time.

ARTICLE 4

Board of Directors

4.1 Board Powers. The powers of the District shall be and are hereby vested in, and shall be exercised by or under the direction of, the Board of Directors.

4.2 Number. The Board of Directors shall consist of four members, of which two members shall be appointed by the governing body of each Municipality. Each member of the Board is hereinafter referred to as a "Director."

4.3 Qualification. Each Director must meet all of the following qualifications:

4.3.1 A Director shall be a resident of the appointing Municipality but shall not be an officer or employee of any Municipality and shall otherwise satisfy all applicable requirements of the MFD Laws and/or other applicable law; and

4.3.2 A Director shall not have been convicted of a felony, of a misdemeanor involving fraud or dishonesty, or of a violation of any law relating to the proper conduct of public business (including, but not limited to, laws relating to bribery, conflicts of interest, discrimination, financial disclosure, misuse of public resources for personal gain, public access to records, and open meeting laws).

4.4 Term. The initial term of office for one of the two Directors appointed by each Municipality shall be two (2) years, and the initial term of office for the other Director appointed

by each Municipality shall be three (3) years, as determined by the appointing Municipality. After the initial term, the term of office for each Director shall be three (3) years. Unless a Director's place on the Board is then vacant, a Director shall continue to serve following the expiration of his or her term until a successor has been appointed and qualifies.

4.5 Resignation. Any Director may resign at any time by giving written notice of such resignation to the Board.

4.6 Removal. A Director shall be removed from office prior to the expiration of his or her term only on the following terms and conditions:

4.6.1 Upon the death or mental or physical incapacity of the Director; or

4.6.2 Upon the conviction of the Director of a violation of any applicable provision of Article 8, Chapter 3, Title 38 of the Arizona Revised Statutes (relating to conflicts of interest), or

4.6.3 If a Director is absent from three (3) consecutive meetings of the Board, or if a Director is absent from four (4) meetings of the Board within a six (6) month period;

4.6.4 If a Director ceases to satisfy the qualifications set forth in Section 4.3 hereof.

4.6.5 If, in the reasonable opinion of a majority of the governing body of the Municipality which appointed any Director, other good cause exists for the removal of such Director.

A Director removed pursuant to this Section 4.6 hereof shall automatically cease to be a Director and his or her place on the Board shall be deemed vacant upon the occurrence (or non-occurrence, as the case may be) of the condition or circumstance specified.

4.7 Vacancies. Any vacancy in the Board shall be filled only by appointment by the governing body of the Municipality that appointed the Member whose resignation or removal created the vacancy. Notwithstanding the foregoing or anything in these Rules to the contrary, if one of the Board positions that is to be filled by a Member appointed by the governing body of the City of Tucson is vacant, at any time or from time to time, then no binding or official action of the Board or the District shall be taken until the earlier of (a) one hundred eighty (180) days after the date on which such Board position first became vacant, or (b) the date on which the governing body of the City of Tucson has filled such vacant position.

4.8 Compensation. As provided in A.R.S. §48-4202.C., Directors are not eligible for compensation for their services but may be reimbursed for their reasonable and necessary out-of-pocket expenses in attending to and traveling on District business at the request of the District.

4.9 Location of Meetings. Meetings of the Board shall be held in Tucson, Arizona, at such location as may be designated by the Executive Director and posted in accordance with the requirements of the open meetings law.

4.10 Regular Meetings. Regular meetings of the Board may be held at such time as shall be determined, from time to time, by a majority vote of the Directors, but at least two such meetings shall be held during each fiscal year of the District. If the Board desires to cancel any future meeting, it may do so by a majority vote at a public meeting. The Chairman or the Secretary may determine, between public meetings, that a future meeting should be cancelled for lack of a quorum or other reason.

4.11 Special Meetings. Special meetings of the Board may be called by the Chairman, or by the Directors holding a majority of the total votes entitled to be cast by the Board.

4.12 Study Sessions and Executive Sessions. Study sessions and executive sessions may be held, subject to compliance with applicable open meeting laws, before or after any regular or special meeting, or at any other time on call of the Chairman, or by the Directors holding a majority of the total votes entitled to be cast by the Board.

4.13 Telephonic Meetings. Subject to compliance with applicable open meeting laws, meetings of the Board, regular or special, may be held by means of conference telephone or similar communication equipment provided that (1) consistent with the requirements of A.R.S. § 38-431 a quorum of Directors is present; and (2) all persons participating in the meeting can hear each other and be heard by the public in attendance. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

4.14 Notices. The Secretary shall, at the direction of the person calling such meeting, cause a written notice setting forth the time, place, and general purposes of any meeting of the Board to be delivered personally, to be sent by facsimile or electronic mail, or to be deposited in the mail, first class or airmail postage prepaid, addressed to each Director of record at his or her last known address, electronic mail address, or facsimile number, as it appears on the District's records. Such written notice shall be sent at least twenty-four (24) hours before the time of the meeting if sent by personal delivery, facsimile, or electronic mail and at least fifty-six (56) hours before the time of the meeting if sent by mail. In addition, the Secretary shall post notice of any regular or special meeting (or of the cancellation of any regular or special meeting) of the Board as required by applicable open meeting laws.

4.15 Waiver of Notice by Directors. Any Director may waive notice of any regular or special meeting (and any adjournment thereof) at any time before, during which, or after the meeting is held. Attendance of a Director at any such meeting in person shall automatically evidence his waiver of notice of such meeting (and any adjournment thereof) unless he is attending the meeting for the sole and express purpose of objecting to the transaction of business because the meeting has not been properly called or noticed.

4.16 Chairman. At all meetings of the Board, the Chairman of the Board, or in his or her absence, the Executive Director, or in his or her absence, a chairman chosen by a majority vote of the Directors present, shall preside.

4.17 Quorum. At all meetings of the Board, consistent with the requirements of A.R.S. § 38-431, the presence of a majority of the Directors plus the presence of Directors holding two-thirds (2/3) of the total votes which the Members of the Board are entitled to cast shall be necessary and sufficient to constitute a quorum for the transaction of business, except that less

than a quorum may adjourn any meeting at which a quorum is not, or is no longer, present. Any matter before the Board shall be resolved by a majority of the weighted votes cast by Directors at any meeting at which a quorum is present and, upon such vote, shall be the act of the Board (and the District) except as may be otherwise specifically provided by statute or these Rules.

4.18 Delegation. The Board may by general resolution delegate to officers of the District such powers as it may deem appropriate; provided, however, that the voting rights set forth in Article 5 shall not be delegated.

ARTICLE 5

Voting

5.1 The District and its Board shall operate pursuant to a system of weighted voting whereby each Municipality shall be entitled to cast two votes per 100,000 of population (or portion thereof) in such Municipality as recorded in the most recent decennial census of the United States Census Bureau. No fractional votes shall exist. Each of the two Directors appointed by each Municipality shall hold and exercise a number of votes equal to one-half of the total votes which such Municipality is entitled to cast. Wherever these Rules refer to any "vote," "votes," "majority vote," or other decision of the Board or of the Directors, and in all other instances involving a vote or decision of the Board or the Directors, such voting and decisions shall in all events occur in accordance with the foregoing weighted voting provisions.

ARTICLE 6

Officers and Staff

6.1 Number. The officers of the District shall consist of a Chairman, a Secretary, and such other officers as the Board of Directors may determine from time to time are necessary to conduct the business of the District, each of whom shall be a member of the Board of Directors. The offices of Chairman and Secretary may not be held by the same person. In addition, the Board of Directors shall designate from time to time an officer of one of the Municipalities to act ex officio as Treasurer of the District and may appoint or employ an Executive Director.

6.2 Election, Term, and Qualifications. The Chairman and the Secretary shall be elected annually, or whenever a vacancy occurs in either office, by the Board. Unless the Board of Directors designates a different person, the person holding the office of City Manager of the City of Tucson, or such other employee of City of Tucson as the City Manager of the City of Tucson may from time to time designate, shall act, ex officio, as Treasurer of the District.

6.3 Removal. Any officer may be removed from office by a majority vote of the total votes entitled to be cast by the full Board at a regular meeting or at a special meeting called for that purpose.

6.4 Vacancies. In case any office of the District becomes vacant for any reason, the vacancy may be filled by a majority vote of the Directors then in office, although less than a quorum. Any officer so elected shall hold office until the next meeting of the Board at which a successor is elected and qualifies. In case the office of Treasurer of the District becomes vacant for any reason, the vacancy shall be filled on an interim basis (pending appointment of a successor Treasurer) by the City Manager of the City of Tucson or, if such City Manager is then serving as the Executive Director or otherwise designates, another officer of the City of Tucson as appointed by the City Manager of the City of Tucson. In case the office of Executive Director of the District becomes vacant for any reason, the vacancy shall be filled on an interim basis (pending appointment of a successor Executive Director) by the City Manager of the City of Tucson or, if such City Manager is then serving as the Treasurer of the District or otherwise designates, another employee of the City of Tucson as appointed by the City Manager of the City of Tucson.

6.5 Chairman. The Chairman shall preside at all meetings of the Board. He or she shall have and exercise general responsibility for and supervision of the affairs of the Board and shall do and perform such other duties as may be assigned to him by the Board.

6.6 Secretary. The Secretary shall have charge of all public books, documents, and papers of the District and shall attend and keep the minutes of all of the meetings of the Board. The Secretary may attest the signature of the Chairman, in the name and on behalf of the District, any contracts or agreements authorized by the Board, and when so authorized or ordered by the Board (and if the Board elects to adopt and use a corporate seal), may affix any such seal of the District. The Secretary shall, in general, perform all the duties incident to the office of secretary, subject to the control of the Board, and shall do and perform such other duties as may be assigned by the Board.

6.7 Treasurer. The Treasurer shall have the custody of all funds, property, and securities of the District and shall establish and maintain at such bank or banks or other depository or depositories as the Board may direct or approve the fund required by A.R.S. §48-4231 (the "District Fund"), into which shall be deposited all moneys received by the District, and from which shall be disbursed all moneys payable by the District, subject to such direction and regulations as may be imposed by the Board and the requirements of applicable law, including the MFD Laws. When necessary or proper, the Treasurer may endorse on behalf of the District for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the District Fund. The Treasurer shall sign all receipts and vouchers and, together with such other officer or officers, if any, as shall be designated by the Board, shall sign all checks of the District and all bills of exchange and bonds issued by the District, except in cases where the execution thereof shall be expressly designated by applicable law, by the Board or by these Rules to some other officer or agent of the District. The Treasurer shall make such payments as may be necessary or proper to be made on behalf of the District or as may be directed by the Board. The Treasurer shall keep the books of the District, shall maintain a full and accurate account of all moneys and obligations received and paid or incurred by or for the account of the District, and shall make such books and accounts available at all reasonable times to any Director or any

officer of the District, on request of the Board, at the offices of the District. The Treasurer shall, in general, perform all the duties incident to the office of treasurer, subject to the control of the Board and the requirements of applicable law.

6.8 Executive Director. The Executive Director shall have primary responsibility for coordinating, scheduling and supervising, on a day-to-day basis, the normal activities, administration, and operations of the District in keeping with policies established by the Board, including coordinating District review and evaluation of the feasibility of any proposed multipurpose facility and related facilities and activities; acquisition by the District of any interest in real or personal property for District purposes or otherwise; and/or District oversight of any planning, design, development, financing, construction, operation, maintenance or other activities related to any proposed multipurpose facility to be located within the District.

6.9 Compensation. The Board and the officers of the District may receive, by resolution of the Board, their reasonable and necessary out-of-pocket expenses in attending to and traveling on District business at the request of the District. The Board shall have the power in its discretion to pay special compensation to the Executive Director and the Treasurer appropriate to the value of the services provided, from time to time, and/or to reimburse the City of Tucson for the reasonable cost and expense attributable to the time spent by any officers or employees of the City of Tucson who serve or assist the District at the request of the City of Tucson or who serve, or assist the appointed persons in fulfilling the responsibilities of, the Executive Director and/or the Treasurer of the District. Other than out-of-pocket expenses, this section shall not apply to officers or elected officials of any Municipality.

ARTICLE 7

Indemnification and Liability Insurance

7.1 Indemnification. To the fullest extent allowed by applicable law, the District shall indemnify the Municipalities and any and all of the District's existing and former Board members, officers, employees and agents (provided that, in the case of agents, such indemnity shall extend to such agent only if and to the extent incorporated by reference in the written agreement pursuant to which such person or entity is acting or has acted in such capacity) against any and all expenses incurred by such person or entity, including but not limited to legal fees, judgments, penalties and amounts paid in settlement or compromise, which may arise or be incurred, rendered or levied in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of the actions described in the MFD Laws in the case of the Municipalities and within the scope of their respective positions in the case of existing or former Board members, officers, employees and, subject to the limitation set forth above, agents, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be mandatory and shall be automatically extended; provided,

however, that the District shall have the right to refuse indemnification in any instance in which the person or entity to whom indemnification would otherwise have been available shall have unreasonably refused to permit the District, at its own expense and through counsel of its own choosing, to defend such person or entity.

7.2 Liability Insurance. The District shall procure, pay the premiums for, and maintain in full force and effect adequate directors', officers' and employees' liability insurance covering the activities of the Directors, officers and employees of the District.

ARTICLE 8

Conduct of Meetings

8.1 Order of Business. The order of business at meetings of the Board shall be conducted in accordance with the requirements of applicable open meetings laws.

8.2 Public Comment, Presentations, Time Limitations. Members of the public, whether speaking on behalf of themselves or as a representative of an organization or group, when addressing the Board on any matter shall be limited to a five (5) minute presentation. The Board may suspend or modify this rule for particular presentations or matters as the Board may deem appropriate.

ARTICLE 9

Contracts

The Board may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the District, which authority may be general or confined to a specific instance; provided, however, that unless authorized by a Board resolution approved by a majority vote of the total number of votes entitled to be cast by the full Board, or as expressly delegated pursuant to an intergovernmental agreement approved by a majority vote of the total number of votes entitled to be cast by the full Board, no officer shall have any power or authority to bind the District, whether by any contract or otherwise.

ARTICLE 10

Fiscal Year

The fiscal year of the District shall commence on July 1 of each year and end on the succeeding June 30.

ARTICLE 11

Reserved Rights

11.1 Limits on District Power. Notwithstanding any other provision of these Rules (including, but not limited to, the weighted voting provisions hereof), the power of the District, the Board, and any officers, employees and agents of the District shall be subject to the following limitations (collectively, the "Reserved Rights"):

11.1.1 All decisions regarding condemnation, zoning, planning, intensity and density of development on or with respect to facilities or sites which are within and subject to the jurisdiction of the District shall first be approved by the vote of the governing body of the Municipality within which the facility or site is located; and.

11.1.2 Each Municipality shall have and there are hereby reserved to it all of its land use powers and all other police power prerogatives with respect to any facilities or sites within and subject to the jurisdiction of the District within such Municipality.

11.2 Relinquishment of Reserved Right or Power. Wherever these Rules have reserved or granted to a Municipality any right or power, the governing body of that Municipality shall have the unilateral right, at its option and in its sole and absolute discretion, to relinquish all or part of any such right or power at any time or from time to time, in whole or in part. Any such relinquishment may be temporary or permanent, as determined by the governing body of the affected Municipality, in its sole and absolute discretion. The relinquishment of a right or power with respect to any particular circumstances shall not constitute a relinquishment of that right or power with respect to different circumstances or upon the reoccurrence of the same or similar circumstances.

ARTICLE 12

Official Records

12.1 Official Records. The official records of the District shall include these Rules, and the minutes of the Board, together with all other official actions or other official items filed with or issued by the Board.

12.2 Recording of Votes. Minutes shall be kept for all meetings of the Board and shall show the vote of each member on every question on which the Board is required to act, or shall indicate absence or failure to vote. The minutes shall also record the Board's deliberations and other official actions.

12.3 Public Record. To the extent required by applicable law, all of the official records of the Board shall be public records, filed with the Executive Director by the Secretary of the Board, and open to public inspection.

ARTICLE 13

Amendments

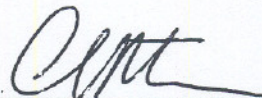
Subject to the Reserved Rights, and subject to the prior consent of a majority of the governing bodies of each of the Municipalities, the Board shall have the power to adopt amendments to or alter, amend, or repeal these Rules by a majority vote of the total votes entitled to be cast by the full Board at any regular meeting or at any special meeting called for that purpose.

CERTIFICATE OF ADOPTION

The foregoing Administrative Rules were duly adopted by the Board of Directors of RIO NUEVO MULTIPURPOSE FACILITIES DISTRICT pursuant to a resolution adopted by the Directors of the District on the 19th day of July, 1999.

RIO NUEVO MULTIPURPOSE FACILITIES
DISTRICT

By


CHARLES POSTER, Secretary

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